



**Director of
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POLAND: Talks About Dialogue

Archbishop Glemp calls for Church-Solidarity-government talks, while Deputy Premier Rakowski hints martial law will last a long time. Meanwhile, market supplies in Warsaw appear to have stabilized, and the regime is defending the need for price increases.

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Glemp is publicly voicing the need for a dialogue among the Church, Solidarity, and the martial law authorities. In his sermon on Sunday, he offered the Church as a mediator to heal "the broken nation." The joint Church-government commission held a meeting yesterday.

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Glemp is anxious to get serious negotiations under way, fearing that a growing radicalization of the people and the rise of hardliners in the regime could lead to violence. He also reportedly was critical of Solidarity leader Walesa's intransigence as an impediment to getting talks going.

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The government, meanwhile, continues to claim it, too, desires dialogue. Stanislaw Ciosek, the Minister for Trade Union Affairs and frequently in contact with Solidarity in the past, told a group of workers on Sunday that he had had talks "of a general nature" with Walesa and other union leaders and hoped to continue some kind of dialogue.

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Comment: Prospects for a dialogue remain poor. The regime is unwilling to relax martial law restrictions quickly enough to suit the Church or to allow Solidarity a meaningful role in the talks. Despite the meeting of the joint Church-government commission, the Church will continue to criticize Premier Jaruzelski's policies. It hopes such criticism will deflect the suggestion that it is playing the regime's game by engaging in any talks.

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In a wide-ranging interview with the West German magazine *Stern*, Deputy Premier Rakowski said that chaos would return to Poland "within a month" if martial law were lifted. He also said that Poland will need at least five years to straighten out its economy and that economic conditions are the key to "all" renewal and reform. Rakowski added that the government is creating social commissions to fill trade union functions during martial law and claimed that Walesa, without his advisers, is a figurehead lacking insight and out of touch with reality.

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Comment: Rakowski's comments are another indication that martial law will not soon be lifted. They also reflect the government's line that political discipline is necessary for economic improvement and a return to the renewal process. [REDACTED]

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The regime clearly has begun to experiment with alternatives to Solidarity that would provide a non-political forum for dealing with worker problems. As part of this process, the authorities will continue to discount Walesa, either dismissing him as unimportant in Poland's future or claiming that he agrees with government views on the direction of the trade union movement. [REDACTED]

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Polish radio yesterday reported an open letter from the council of the committee that is considering price increases. While defending the need for food, fuel, and power price hikes, the letter notes that the proposed increases have provoked "justified disquiet." [REDACTED]

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Comment: The government feels the increases are necessary but is sensitive to the possibility that they will provoke further public hostility and unrest. [REDACTED]

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Recent surveys [REDACTED] of the market situation in Warsaw continue to show severe meat shortages, but dairy and grain products are in good supply. Supplies of most food items in Lublin and Rzeszow--two smaller provincial capitals--are generally worse. [REDACTED]

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Comment: Market supply conditions seem to have stabilized in recent weeks in the Warsaw area. Judging by the limited information available, the average consumer does not appear to be starving but has less variety and smaller quantities to choose from than a year ago. Any distress slaughtering of chickens because of cutbacks in US corn shipments will, over the longer term, aggravate the situation and might lead to an increased protein deficiency in the population. [REDACTED]

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INTERNATIONAL: High-Level COCOM Meeting

//The West European allies and Japan will differ significantly with the US about ways to reform COCOM--the Coordinating Committee for East-West Trade Policy--at the high-level meeting today in Paris.//

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//The meeting is the first of its type in nearly 25 years. It may take up several proposals designed to increase the effectiveness of COCOM, including controlling equipment and technologies in nine defense priority industries, establishing a military subcommittee to advise members on the military applications of exports, and increasing coordination of enforcement measures.//

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//The West Europeans and Japanese are not persuaded that significantly broadened restrictions would help curb the pace of the USSR's military development. They believe that export controls cannot restrain the projection of Soviet power as effectively as the interdependence that stems from increased trade.//

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//Although East-West trade plays only a small role in the economies of Western Europe and Japan, it is important for some specific industries, such as steel, chemicals, and metalworking machinery. These industries already have suffered severe losses in employment and production during the current economic downturn.//

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Comment: //Even if the other COCOM members were to agree that export controls need to be broadened, they would resist proposals that would seem to restrict trade in whole categories of products and technologies.//

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//COCOM members are concerned about the leakage of sensitive technology through illegal and clandestine means, but implementation of enforcement guidelines will be complicated by an unwillingness to take stronger administrative action. Some enforcement measures, nevertheless, may receive broad support, including exchanging information on COCOM violations and strengthening procedures for rapid communication between the enforcement services of member countries.//

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FRANCE: Socialists Receive Setbacks

//The rejection by the Constitutional Council on Saturday of parts of the government's nationalization program and opposition victories in four legislative byelections on Sunday are only minor setbacks for the Socialists.// []

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//The Constitutional Council--France's supreme court--ruled that compensation to shareholders of nationalized concerns must be increased, that cooperative banks had been unfairly insulated from nationalization, and that administrators of nationalized entities should not have authority to dispose of foreign holdings. The government now has to revise the rejected provisions and submit new legislation to the Parliament.// []

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//In the byelections, two Gaullists and one Giscardian recaptured traditionally center-right seats that were narrowly lost to the Socialists during the Socialist landslide last June. A third Gaullist won reelection to a seat he has held since 1970. Despite these losses, the Socialists maintain a comfortable majority in the National Assembly.// []

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Comment: //Apart from a further delay in implementing the nationalizations, the main effect of the Council's ruling probably will be to increase the cost of the process to the taxpayers. Once an acceptable compensation formula is determined, much of the opposition's criticism of the legislation is likely to be muted, and the possibility of successful court challenges by disgruntled shareholders will diminish.// []

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//The center-right will hail its electoral gains as evidence of growing disaffection from the Socialists, but a high abstention rate and divisive local issues also contributed to the defeat. The Gaullist-Giscardian agreement to present a single candidate in the contested districts probably will be difficult to duplicate in the cantonal elections in March and in the municipal elections in 1983. The byelection defeats may add to tensions between the Socialists and Communists, however, particularly if voting statistics indicate a significant drop in Communist support for the Socialist candidates.// []

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LEBANON: Conciliation Committee Meeting Postponed

//The Lebanese Government postponed yesterday's scheduled meeting of the Arab Conciliation Committee on Lebanon until early March after the Saudi Foreign Minister decided not to attend. Syrian Foreign Minister Khaddam indicated to the Saudis last week that Damascus intends to stall any further movement toward reconciliation in Lebanon until the likely candidates for the presidential election to be held this summer begin to emerge.//

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Comment: //The Saudis are becoming increasingly pessimistic about the committee's prospects for promoting national reconciliation in Lebanon. Their decision not to send their Foreign Minister to the meeting probably was prompted by their failure to persuade the Syrians to send Khaddam to the session. If the committee does meet again, it probably will be diverted to maintaining the cease-fire as tensions build around election maneuvering.//

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SPECIAL ANALYSES

NICARAGUA: Increased Security Concerns

Managua's siege mentality recently has been heightened by mounting government casualties in clashes with anti-Sandinista bands. This could result in more aggressive actions by the increasingly powerful Nicaraguan armed forces.

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The Sandinistas are becoming more concerned about unrest in the Atlantic coast region and about the activities of guerrilla groups based in Costa Rica. They are particularly angered, however, by the ability of anti-Sandinista groups to use--with the help of the Honduran armed forces--Honduran territory as the principal base for cross-border raids into Nicaragua.

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//Pressures for a major retaliatory strike to destroy insurgent camps in Honduras probably are building among Sandinista leaders. Although reports of a large Nicaraguan military incursion into Honduras in late December were exaggerated, the incident underscores growing bilateral tensions and the danger of a major Sandinista response. Tegucigalpa's plans to base additional troops near the border will increase the risk of a serious military incident.//

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The Atlantic coast region remains a special problem for the Sandinistas. It is populated by Indians and English-speaking blacks and traditionally prone to separatist movements. [REDACTED]

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Many of the 2,000 Indians, who sought refuge in Honduras from Sandinista repression last spring, have been armed and trained for cross-border raids. They have hit small military garrisons and towns, killed several local officials and two Cuban teachers, and endangered gold mining and forestry activities. [REDACTED]

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To secure control of the region, the Sandinistas have strengthened their military presence. They also have imposed a ban on reporting of local news and have taken over the operation of a local radio station. The regime's opponents claim that the Sandinistas are even forcibly relocating Indians away from the Honduran border. [REDACTED]

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The Sandinistas are attempting to provoke public outrage over insurgent activities, while pushing for increased vigilance by their security services against antigovernment groups. The regime recently claimed to have uncovered a plot to assassinate government leaders and sabotage the country's only petroleum refinery and the national cement plant. Fifteen persons were arrested, including a Venezuelan citizen [REDACTED]

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PHILIPPINES: Repackaging Martial Law

President Marcos ended eight years of martial law last January, citing economic gain and progress toward restoring law and order. A year later, he retains his emergency powers, and there has been little movement toward democracy.

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The suspension of martial law has meant official tolerance of some opposition activity. A presidential election was held in June, but it was boycotted by most major opposition groups. Student demonstrations and labor strikes have occurred with some frequency but generally without incident. The press, although largely controlled by those loyal to Marcos, has been more outspoken on political issues.

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These gains, however, are minor compared with the hold Marcos still has over the political process. He has undercut the legislative authority of the National Assembly by tapping a reservoir of unpublished decrees implemented under martial law and can issue new decrees whenever the legislature proves recalcitrant.

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Marcos thus has circumvented the legislature even on issues clearly not related to national emergencies, including his recent granting of tax amnesty by decree. Moreover, an unpublished decree dealing with subversion allows Marcos to detain and try political opponents for unspecified "crimes."

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The President, in a move that has appalled even pro-Marcos judges, also has taken a firmer grip on the judiciary. A Judiciary Reorganization Act signed into law last year gave Marcos the authority to fire all judges and ordered that rehiring take place only after each judge has been investigated. Marcos retains the final decision.

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These moves have contributed to a polarization of the political system and made the left a more attractive alternative, especially to the young. Moderate opposition

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groups are reporting large numbers of defections to the left and have adopted a harder line to try to stem the flow. Even the traditionally conservative Church has defended priests who have joined leftist groups. [REDACTED]

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There are some outward signs that Marcos will encourage the active development of moderate political parties. He has yet to demonstrate, however, that he is prepared to do much more than let disorganized moderate opponents lend credibility to his claims of running a democratic government. The President's recent decision to review radio and television broadcasting permits was a pointed reminder to media owners that they would be wise to remain loyal to the First Family. [REDACTED]

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Local elections slated to be held during 1982 will test Marcos's willingness to allow new parties to organize and to court a grassroots following. If a recent decision by the ruling party withstands expected court challenges, candidates for councilmen will not be allowed to run under their party banner, thereby frustrating plans by the opposition to use the local elections to prepare for legislative elections in 1984. Two new political parties have been announced, but they merely further fragment the opposition. [REDACTED]

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Another key test of Marcos's intentions will be the issue of party accreditation, which is necessary for participating in elections. Political Affairs Minister Perez claims that the National Assembly will enact legislation this month that will make party accreditation easier. One of the new parties presumably will gain accreditation at that time. [REDACTED]

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Public unhappiness with Marcos has yet to evolve into an organized opposition capable of unseating him. As a result, the President can and will dictate the pace of liberalization. His goal will remain that of ensuring that the process does not undermine the interests of his family or of his political and military cronies. [REDACTED]

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